

Message Text

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ACTION EB-08

INFO OCT-01 EA-12 NEA-10 ISO-00 COME-00 MMO-01 AID-05
CIAE-00 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 IO-14
DOE-15 SOE-02 /117 W
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R 130158Z JUL 78
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 0056
INFO AMEMBASSY TOKYO
AMEMBASSY WELLINGTON
AMEMBASSY CANBERRA
AMEMBASSY BANGKOK
AMEMBASSY SEOUL
AMEMBASSY KUALA LUMPUR
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AMEMBASSY MANILA
AMEMBASSY PORT MORESBY
AMEMBASSY TAIPEI
AMEMBASSY ISLAMABAD
AMEMBASSY KABUL
AMEMBASSY COLOMBO
AMEMBASSY NEW DELHI
AMEMBASSY KATHMANDU
AMEMBASSY JAKARTA
AMCONSUL HONG KONG
AMEMBASSY SUVA
AMEMBASSY RANGOON

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MANILA FOR USADB

E.O. 11652: N/A
TAGS: ETRD, BEXP, BG
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SUBJ: U.S. PROCUREMENT FROM ADB
REF: STATE 155300

SUMMARY: OPPORTUNITIES FOR U.S. EXPORTS TO BANGLADESH
UNDER ADB FINANCING HAVE BEEN LIMITED TO DATE BECAUSE OF
VERY SLOW IMPLEMENTATION OF ADB PROJECTS. BANGLADESH
HAS BEEN A SMALL MARKET FOR U.S.-MANUFACTURED GOODS IN

GENERAL BECAUSE OF HIGH COST AND SOPHISTICATION OF U.S. PRODUCTS AND LIMITED NUMBER OF AGENTS OF U.S. COMPANIES HERE. U.S. RAW MATERIAL AND COMMODITY SUPPLIERS HAVE DONE BETTER AND U.S. FIRMS APPEAR TO GET A FAIR SHARE OF ADB AND OTHER CONSULTING CONTRACTS. NOTWITHSTANDING THESE LIMITATIONS, A BETTER "EARLY WARNING" SYNTEM OF INFORMATION ON ADB PROJECTS WOULD IMPROVE U.S. COMPETITIVENESS FOR ADB-FINANCED PURCHASES. END SUMMARY.

1. A CLEAR RECORD OF PROCUREMENT OF U.S. GOODS AND SERVICES FINANCED BY ADB LOANS TO BANGLADESH HAS NOT YET BEEN ESTABLISHED BECAUSE OF VERY SLOW IMPLEMENTATION OF ADB PROJECTS HERE. AS OF MARCH 31, 1978, OF \$282 MILLION IN ADB FUNDING APPROVED SINCE 1971, ONLY \$87 MILLION IN CONTRACTS (31 PERCENT OF LOAN FUNDS) HAD BEEN AWARDED AND ONLY \$47 MILLION (17 PERCENT) HAD BEEN DISBURSED. (THE BDG HAS A PIPELINE OF ABOUT \$1.5 BILLION IN UNUSED PROJECT AID. ADB LOANS ARE AMONG THE SLOWEST IN DISBURSING, IN PART BECAUSE OF ADB'S UNWILLINGNESS TO PLACE A REPRESENTATIVE IN BANGLADESH.)

2. A SIGNIFICANT PART OF ADB EXPENDITURES TO DATE IN BANGLADESH HAS BEEN FOR CONSULTING AND ENGINEERING SERVICES. U.S. FIRMS COMPETE WELL IN THESE FIELDS HERE BECAUSE OF THEIR LONG EXPERIENCE AND TOP REPUTATION AND GET A FAIR SHARE OF ADB- AND OTHER IFI-
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FINANCED WORK. CONSULTANTS OFTEN PARTICIPATE IN LATER PHASES OF PROJECTS AND INFLUENCE SPECIFICATIONS FOR PROCUREMENT OF EQUIPMENT.

3. THE U.S. SHARE OF BANGLADESH'S OVERAL MARKET FOR MANUFACTURED IMPORTS HAS BEEN RELATIVELY SMALL TO DATE. DURING 1974-76 THE U.S. SUPPLIED AN AVERAGE OF ONLY 11 PERCENT OF BANGLADESH'S MANUFACTURED IMPORTS WHILE JAPAN SUPPLIED 32 PERCENT. IN GENERAL U.S. PRODUCTS ARE LESS COMPETITIVE HERE BECAUSE PRICES QUOTED ARE USUALLY HIGHER. MANY MANUFACTURED IMPORTS ARE PURCHASED BY BDG AGENCIES OR STATE CORPORATIONS WHOSE LOW BUDGETS DICTATE BUYING THE CHEAPEST. ALSO U.S. GOODS ARE OFTEN TOO SOPHISTICATED FOR BANGLADESH. ANOTHER IMPORTANT DISADVANTAGE IS THAT MANY POTENTIAL U.S. SUPPLIERS DO NOT HAVE AGENTS HERE AND THEREFORE CANNOT COMPETE SUCCESSFULLY FOR GOVERNMENT TENDERS WHICH REPRESENT A LARGE SHARE OF ALL PURCHASES. WE SEND MANY TRADE OPPORTUNITY MESSAGES TO COMMERCE BUT THE RESPONSE HAS BEEN LIMITED SINCE TIGHT DEADLINES AND SLOW MAIL SE
MICE
PRECLUDE TIMELY AND RESPONSIVE BIDS OR VISITS BY U.S.

COMPANIES WHO DO NOT HAVE BANGLADESHI AGENTS. WE HAVE OBSERVED THAT OF THE 31 TRADE OPPORTUNITY MESSAGES FOR ADB-FINANCED PURCHASES WE SENT THE PAST YEAR, MANY HAVE BEEN FOR RELATIVELY SMALL QUANTITIES AND MAY HAVE BEEN OF LITTLE INTEREST TO U.S. EXPORTERS.

4. NOTWITHSTANDING THE FACTORS DESCRIBED ABOVE WHICH INHIBIT U.S.-MANUFACTURED EXPORTS TO BANGLADESH, OUR RECORD IN PARTICIPATING IN FUTURE ADB-FINANCED PURCHASES COULD BE IMPROVED BY A VIGOROUS PROGRAM OF EARLY WARNING ALERTS BY USADB MANILA. THESE COULD BE PERIODIC CABLES TO EMBASSIES AND USDOC DESCRIBING PROJECTS AT THE TIME OF INCEPTION AND IN LATER STAGES, WITH EMPHASIS ON COMMERCIAL OPPORTUNITIES.

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